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AGRICULTURAL ADJUSTMENT AND THE FARM FAMILY

By Victor A. Christgau,
Assistant Administrator Agricultural Adjustment Act
Home Demonstration Radio Hour, National Broadcast-
ing Company, August 1, 1934.

Sometimes I think that the meaning of the farm program being on under the Agricultural Adjustment Act is obscured by the four syllable words with which it is covered.

Basically, the Act is as simple as the establishment of a home in the days of primitive man the home was a sheltered spot, safe from the outside world where might made right.

It was the necessity for the same sort of protection which made rural America under the Agricultural Adjustment Act. Rural America made the decision to work together. It did so facing the alternative of destruction. Necessity forced us to abandon the competitive jungle and join together in the cooperative way of the family life.

The family and the Agricultural Adjustment Administration are of the same sort of cooperative endeavor. Just as in family life children pool their talent and energy to gain economic security, so the administration of the A.A.A. rural families scattered throughout the Nation concentrate their interests for the welfare of all.

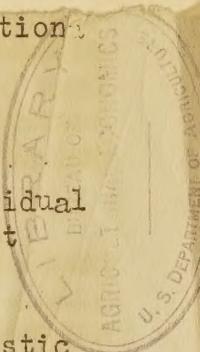
As in family life all members of the family group stand ready to sacrifice some of their immediate self-interest, so in the A.A.A. do the cooperators merge their selfish individuality. In both cases the individual realizes that the well-being of all often demands sacrifices on the part of each.

People are always saying that the farmer is the most individualistic of human beings, that in the rural home is to be found the last stronghold of resistance to cooperative action. Quite the contrary is now true. The farmer in his family life is probably the most socialized of individuals. Practical economics taught him this. Out of his struggle for a living emerged the rural family; and out of the rural family emerged what we call our rural life, and our rural culture.

It was because the farmer knew the economic base of family life that he has so readily adjusted himself to the organization of the greater Agricultural Adjustment Administration family. He perceived that the struggle for existence alone and unaided was unendurable.

The rural family has not found it easy to cope with the complex conditions of modern life. The intricate business of helping the farm family improve its standard of living is the first concern of the home demonstration agent. That accomplished, the family may look to the art of making a life-but always the economic phase comes first. That is why the home demonstration agent makes it her business to understand the place of the A.A.A. in American rural life. The economics of the Agricultural Adjustment Administration is a real part of home economics. A.A.A. simply extends the economic base of the

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ily so that it includes all the farm families in the country that
ng to join in the greatest cooperative effort ever undertaken by

e million family councils this year and last decided to enter
ments with the Secretary of Agriculture to adjust production
can farms to accord with rational planning for Agriculture on a
scale. This Agricultural Adjustment Administration program is a
ir. Its purpose and effect have been to increase the returns
ducts, and thus enable farm families to obtain in fuller
f the things that make life on the farm more satisfying.

ll a group of farmers in a western state was asked who
e how the benefit payment check would be spent-- husband
ly half of these honest farmers admitted that the wife
decision.

ave shown that the goods purchased by the farmer and the
ve been mostly necessities. The farmer is not far enough
s to feel justified in spending lavishly. This year,
ck had to go on debts and taxes. Even so, stores in the
istricts where the adjustment program is in effect have
ased sales of many articles farmers buy, such as clothing,
household furnishing and supplies, farm implements, automobiles and
automobile parts, radio storage batteries, paint and lumber. A striking
fact is that many farmers of the South are able for the first time in
several years, to buy back their own cotton in the form of cotton cloth
and articles of clothing.

By helping farm families make their increased income go as far as
possible, the home demonstration agent is working in partnership with the
A.A.A. Under the stress of the present drought emergency, this service has
assumed an importance even greater than that which it has under ordinary
circumstances.

The men and women who are charged with the administration to the
Agricultural Adjustment Act realize that essentially their job, too, is
that of advising a family -- a very large family. Under its plan of
democratic control, the family makes the decisions.

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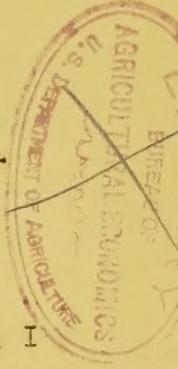
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DROUGHT AND THE AAA

Address of Victor A. Christgau, Assistant Administrator of the Agricultural Adjustment Act, to be delivered over an NBC network, on the Washington Star National Radio Forum, Wednesday, August 1, 10:30 P.M.



First of all, on behalf of the Agricultural Adjustment Administration, I wish to thank the Washington Star for this opportunity to talk to you about the drought. I think that, in providing this forum for discussion of public questions from all points of view, the Washington Star is performing a real public service.

I wish I could paint for you a true and adequate word picture of this drought. But words can not do it. They are not adequate, when nature smiles, to tell the beauty and richness of the earth and its bounties. And now, with nature in an ugly mood, there are no words to portray the cruelty and hardship wrought in the worst parts of the drought area by rainless skies, a burning sun and winds hot as if they were blowing from some big furnace. Drought like this is a calamity, like flood, or war or pestilence.

Today, in widely varying degrees, the drought affects parts of 23 States. The total number of drought counties now exceeds 13 hundred. Some have an actual shortage of water for man and beast to drink, with reservoirs normally brimfull, now empty. Water is being shipped to them in tank cars, and the Federal Emergency Relief Administration is digging wells. In many States, with pastures gone, the great task is the livestock problem--and, by that, I mean the need to salvage animals which would starve or die of thirst, and to provide feed to maintain foundation herds so as to perpetuate the livestock industry, which is the backbone of agriculture in much of the drought area. In some places, with flowers gone, gone, farmers are importing sugar as substitute food for bees. This drought began

In April and became worse in May. That is the month when all the small grains get their start. In wide areas, these grains this year were blasted beyond recovery even with the scattered rains of June. These rains were neither generous enough nor general enough, and the drought intensified and extended in July. Drought this year is a phenomenon found in many parts of the world, affecting countries abroad as well as our own. In the United States, we have to go back 40 years to 1894 for record of a drought similar to the present.

But along with the spectacle of drought, there is another and a different spectacle of man's fight to overcome its consequences. And where one is a picture of the blind and heartless forces of nature, the other reveals a brave, intelligent, planned effort to conserve, to save, and above all to carry on, when rain comes again.

Here in America there is being written this year a new chapter in the long and thrilling story of man's fight to conquer nature. Man has always fought, and has never surrendered. The grim pioneers who peopled the Great Plains built their homes in a region which the maps once called "The Great American Desert". There they pitted themselves against drought, flood, hail, frost, wind and pests. Did they quail and quit before these obstacles? No. Instead, these pioneering people bred and acclimated grains. Their hardy scientists searched the earth for varieties of wheat which would thrive on little moisture. Drought resistant forage plants were brought from dry plains in far off Siberia, and other countries. The Western men developed the science of dry farming -- plowing and fallowing fields one summer to conserve moisture for the next. They built reservoirs to store the spring floods of mountain torrents. They watered the so-called desert, and made it bloom. They built a civilization, these grim men and women of the farms, and the food and feed that they produced became more and more the ultimate basis upon which America's vast industrialism and great cities grew, looking always to the West and South for their food and fibers.

But the record of man's conquest of nature is a progressive story. It never stops, because droughts and floods recur, and because man's needs grow, his problems change, and his opportunities for advancement are never-ending.

In the period of rapid national expansion, when individuals were carving wealth for themselves out of plain and forest, we did not readily recognize our collective social responsibilities toward those who provided our food and raw materials. The problems that would come when growth slowed down and when we no longer could rely upon export outlets to pay interest on debts, were not foreseen. The great collective leadership of the Government, sought and utilized more and more by compact and powerful groups, was not extended freely to either the vast numbers of farmers who fed the nation or to the still larger numbers of industrial workers who manned its mills and factories.

The American farmer has always suffered severely from his disorganized state, and from the fact that he has always had to face his problems pretty much single handed.

The great industrial interests which handled his products could insure themselves against calamity, but the protection of insurance never was extended to the farmers' crops. The millers who ground the wheat could "hedge" against price changes, but the farmer had to take whatever prices are paid to him in the markets. Closely managed industries could shut down their factories when surplus products broke prices, but the farmers had only to go on blindly producing more units at lower prices to pay fixed charges of debts and interests. The drop of farm prices fell all on him and the consumer, because though farm prices collapsed, the handler's and processor's charges remained about the same, multiplying profits when uncontrolled volume broke the farmers' markets. Finally, the wide swings from vast surpluses of farm products to short supplies due to drought perhaps, or else simply to destruction of the farmers' soil and energy and equipment through ruinous prices--finally, I say, these wide swings which ruined the farmer have provided the speculators' heyday, because crops bought for a song could be sold for vast profits.

The Agricultural Adjustment Administration is the Government's deliberate attempt to deal with the problem of agricultural adjustment. That means simply an effort to keep production in the best possible balance with market demand. In a broader sense, it is an effort to attain and maintain for agriculture that balance of development, and that share in national income, which the Committee on Social Trends said in its report in 1933, must be brought about between the economic groups if the nation was to escape grave dangers.

The effort to restore this balance for other great economic groups is a function recognized by the Roosevelt Administration and performed by other Governmental agencies. For the farmer, the job has been given to the Agricultural Adjustment Administration.

To attain and maintain the best possible balance is vital to farmers. When the Agricultural Adjustment Administration was created, farm prices had been beaten down by twice the normal carryover of wheat, two or three times the normal supply of cotton, huge stores of tobacco and as much hog production as if we still had foreign markets which in reality had vanished.

The farmers had come to Washington and had appealed for government leadership to meet this problem, first through the McNary-Haugen bill and then through the export debenture plan, both to stimulate exports of surpluses. Washington not only turned them down, vetoing one bill and blocking the other, but on top of that enacted the Smoot-Hawley tariff bill, which encouraged foreign countries to retaliate with higher tariffs, quotas and embargoes, knocking out our export markets to a new and devastating degree.

Thus the Government, in those hopeless years between 1929 and 1932, refused to offer its leadership to farmers. It did not recognize the necessity for planned efforts to restore balance and adjustment to agriculture. Then as now, the simultaneous phenomena of surplus and drought existed in this country, when livestock markets are oversupplied and there are large stores of cotton, tobacco, and other products.

Nothing demonstrates so clearly as drought the need of collective social action to meet the complex economic problems of this day and age. The proposition that the government should stand aside, and let farmers meet nature on a rampage, unorganized, unaided, as individuals — that is the proposition which was tolerated until March 4, 1933.

In 1930, when farm prices generally were crushed under enormous surpluses, there was a great drought in the Southwest, centering in Arkansas. The Federal government's help was confined to making loans to farmers and asking the railroads for reduced freight rates. The government was determined not to perform a relief function. It left to the Red Cross the task of feeding the needy, and for that purpose \$5,000,000 was raised; but the government which had fed calamity victims in other countries would not do that for our own farmers.

The course of the Roosevelt Administration has been a complete contrast with that of 1930. When the drought became acute last May, the government's emergency agencies went into action. Congress responded to President Roosevelt's message and voted 525 million dollars to fight the consequences of the drought. The government mobilized its powers for a great social effort. In this effort, the Emergency Relief, Farm Credit, and Agricultural Adjustment Administrations and units of the Department of Agriculture have cooperated.

The adjustment powers and work of the Agricultural Adjustment Administration have proved of great benefit. This is naturally true because the law was designed to help farmers meet abnormal situations of any kind, situations which vary with every crop, and every region, and which change from month to month and from year to year. A balanced condition for agriculture lies midway between scarcity and glut.

Let me describe briefly here some of the ways in which the A.A.A. has served farmers in this year of drought.

A great adjustment problem in time of drought is that of maintaining the farmers on their farms in affected regions. This is essential to assure the nation's future supply. It is necessary, also, to maintain the activity of business and industry, which depend upon the buying power of farmers.

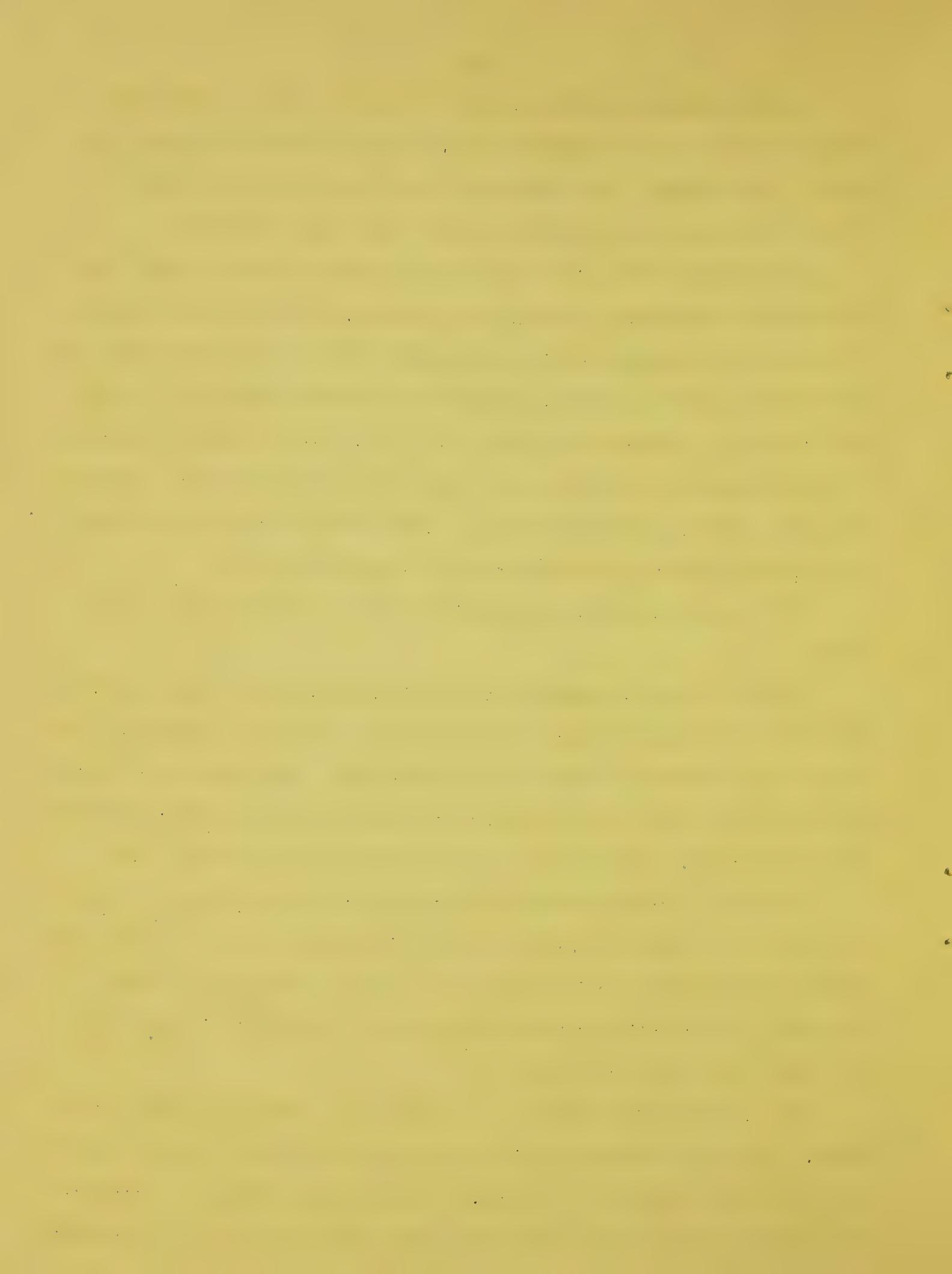
If nothing were done, the farmers would be driven from the land. This would mean great suffering, not only for themselves, their wives and children, but an economic set-back from which, were matters left to take their course, it might require years for recovery. Business and consumers would pay the price of such a disaster. Everybody would lose. So, I say, a great adjustment problem in time of drought is to maintain the farmers on the land, give them a chance to get a fresh start in another year, and, in other words, to do what can be done to keep farm production in drought areas in reasonable balance.

Let's see how the Agricultural Adjustment Act helps to do these vital things.

First, the benefit payments being received by 3,000,000 farmers in their production control associations are based on past averages of production. Thus they are not affected by failure of the current crop. Four hundred and twenty million dollars, raised from processing taxes, will be paid to farmers for this year's adjustments. Farmers will get them whether they get a crop or not.

Individual farmers throughout the areas where hay and sileage are available realize the crucial situation that is facing them. They are conserving all available feed supplies and I desire to now renew the appeal that has been previously made that all available feed supplies be carefully maintained and, where possible, stored for Winter use.

Hence, for the first time in a time like this, farmers have assurance of income. The benefit payment plan is the greatest crop income insurance operation ever carried out anywhere in the world. In this year of drought, the business and employment dependent upon farm buying power will share in the great benefits of this insurance. Farmers will not be driven off their farms, but can resume



production next year.

A second way which the Agricultural Adjustment Act helps farmers to help themselves is through the acquisition of surplus livestock. These great surpluses, accumulated on farms due to falling prices, expose many animals to starvation now that the drought has undermined the supplies of feed to maintain them. The A.A.A. right now is buying these surplus cattle, so that instead of starving, the animals are conserved, and converted into meat. This is being processed for relief distribution by the Federal Emergency Relief Administration.

This not only preserves, by canning and cold storage, a food supply which otherwise would be lost, but it also protects the price structure of livestock for farmers, outside as well as inside the drought areas, by purchase of animals which otherwise would glut the market with the rush to sell stock that cannot be fed.

Thus the cattle growers, who after hesitation for a year finally had cattle made a basic commodity in the Adjustment Act, by so doing made provision for an emergency which could not then even be foreseen.

In the past few days, the importance of having the broad powers of the Act available when adjustments suddenly become necessary has been driven home to us in still another way.

Dried up western ranges, heavily stocked with sheep, have suffered from too close cropping and now there is danger of big losses to both range and animals.

Appeals have been made to the Agricultural Adjustment Administration to extend the cattle buying program to include sheep. For several days the Adjustment Administration has been giving consideration to a plan to purchase 5,000,000 sheep, as a conservation adjustment measure wholly justifiable by conditions. But sheep never were made a basic commodity in the Adjustment Act, and now a question has been raised as to whether funds are legally available to the Agricultural Adjustment Administration with which to purchase sheep. This question is now before the Comptroller-General for a decision. However, the facilities of the Act in making unforeseen adjustments and meeting emergencies are clear, and there

could have been no doubt of our ability to help meet the sheep situation if sheep had been named among the basic commodities of the Act.

Funds obtained by farmers from benefit payments or cattle purchases help them to keep their foundation herds, which otherwise they might lose, or to hold seed so as to plant it as grain next year, which they might have to use up as feed.

The Farm Credit Administration is performing immense service in making loans for feed and seed, and to finance shipments of good breeding livestock to grazing areas, or to pay for carrying feed into the drought country to them. The Department of Agriculture is acquiring supplies of seed, so that high bred and acclimated seed grain may not be lost through farm necessity for food.

This is the most constructive kind of adjustment -- preserving the productive power of farming communities, conserving food, insuring future income of agriculture and dependent business.

Certainly it costs money -- but in view of the human and social values that are conserved, and in view of the great waste which would result if such steps were not taken, these operations seem to us a justifiable social effort, much less expensive, if you want to look at it from a money cost point of view, than merely letting matters take their course, and doing nothing.

A third method of adjustment grows directly out of another phase of the Agricultural Adjustment Administration production programs. During the war, 50 million acres of grass lands, suited to grazing, were plowed up and put into grains.

One big objective of the Agricultural Adjustment Act has been to get these lands out of production of recurrent grain surpluses back into grass. Through the wheat, corn-hog, and other programs, a long start has been made in this direction. Such an adjustment proves its importance in this year of drought, because under the baking sun the grain would not have matured and the farmers' greatest need is for animal forage, which is being grown on a much increased scale as a result of this planned shift in production.

The Agricultural Adjustment Administration has encouraged planting of the contracted acres to erosion-preventing crops -- the best insurance against dust storms -- and to types of pasture and forage grasses which are drought resistant, or spring up quickly when there is a little rain. The A.A.A. work has added many millions of acres to the area in forage this year. In addition, in the high producing areas of the South, outside the drought region, 15 million acres, which had been devoted to production of surplus cotton and tobacco, are now growing necessary home subsistence food and feed.

Throughout the program, the Agricultural Adjustment Administration is attempting to meet, not only the drought emergency, but to adjust long-time mal-adjustments of production, such as overcropping of range areas, mining the soil through intensive single-cropping of grain, exposure of lands to wind and water erosion, grain cropping of submarginal lands too thin to sustain farmers on a decent standard of living, restoring of tree cover, and the cyclical accumulation of livestock numbers beyond the ability of markets to absorb them at any but the lowest prices.

In connection with drought, a section written into the Adjustment Act for protection of consumers may become increasingly important in the coming months.

I have pointed out how the wide swings of uncontrolled production play into the hands of speculators in farm products, costing both the farmer and the consumers dearly. In broad terms, the Act provides for protection of consumers, authorizing the Administration to give publicity to attempts to impose excessive burdens upon the consumers of products of the farm.

The game of the speculator is to buy cheaply from the farmer and sell dearly to the consumer. It is a game which is played better under cover than in the open. Our Consumer Counsel's use of publicity will help to bring any such game that may be attempted into the open. Consumers usually believe in fair play. They do not complain against fair prices for farmers, but they do object to paying toll to those who profiteer to the limit off such calamity as drought. So the

Adjustment Administration serves notice now that it will be on the alert in the coming months, and that with this Act the consumer has a chance to be heard in ways more potent than his past privilege to merely grumble. This is in line with the broad purpose of the Adjustment Act to maintain the buying power of the farmer.

A small minority may gain when, through maladjustments, the farmers' prices swing back and forth. But even if a few speculators line their pockets, the dominant interests of the nation, of honest business and industry, all suffer when the farmer loses his power to purchase goods and to maintain his proper place in our economic society.

I hope that those who are listening will remember not so much the details as the broad purpose of the Adjustment Act. That purpose is to seek to balance as nearly as possible production with demand.

Weather records of the Northwest going back 100 years show marked recovery in the past has followed years of severe drought. This is encouraging, but it also points to some problems of the future. None of the factors that caused the immense accumulation of surpluses is affected by drought. Foreign tariffs still shut out our exports; we are still a creditor nation with no interest to pay abroad with farm exports; and the automobiles displacing horses and mules do not eat grain.

Low yields one year usually mean increased acreages the next, and the greatest increase in corn acreage in any one year occurred in 1895 after the big drought and low yield of 1894.

Care must be taken in the future lest uncontrolled production, lack of foreign markets, and normal yields do not place the farmer back right where he was when prices hit their all-time bottom in 1932.

The Adjustment program will be improved as time goes on. But it has helped farmers meet both their surplus and their drought problems, and in its fundamentals is one that farmers can stick to in fair weather and foul, because it helps them, through their united efforts, to check the consequences of painful swings from one violent extreme to another.

So the Agricultural Adjustment Act has been essential in the Roosevelt Administration's mobilization of all its resources -- not to stop the drought, because that was impossible; but for a social effort to minimize the disastrous consequences of calamity, and to assure recovery in the future.

Those of us in Washington who are working long hours in the effort to meet this great national emergency feel confident that we have the overwhelming support of American farmers. New evidences of that are available daily and it is indeed heartening to know that there is an intelligent sympathetic understanding upon the part of the farmers, as well as other groups.

It was gratifying to read this morning an article in the Baltimore Sun by Mr. Fred Essary, a nationally known Washington correspondent, who has just completed a 4,000 mile tour across the continent, discussing national problems and policies with many people.

Writing from Portland, Oregon, Mr. Essary said:

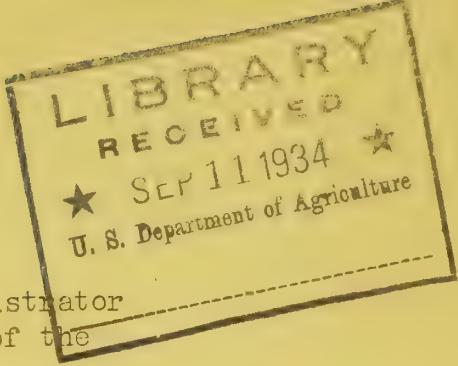
"I had come West expecting to find the A.A.A. in general disreputed, to find farmers skeptical of it, to find business men antagonistic to it, and to find consumers who pay the processing tax, after all, resentful of it. I have found nothing of the sort.

"On the contrary," Mr. Essary continues, "there is applause for the A.A.A. wherever I have been. The wheat and corn growers and the hog raisers are for it almost to a man. It has not only put money in the pockets of practically all of them, but it has saved many of them from penury."

With the support to the A.A.A. efforts as indicated by Mr. Essary, I have every confidence that the emergencies of the hour can be met and the current efforts that are under way, translated into enduring benefits for American farmers.



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Address of Victor Christgau, Asst. Administrator
of the A. A. A. Monthly Radio Program of the
National Grange, August 18, 1934.

For years the Grange has persistently carried on a program of rural education. It has contributed much towards enabling the farmer to realize the betterment that might be attained through united effort. I am reminded of the fight, in which I joined, that the Grange put up for the enactment of the Export Debenture Bill by Congress. I was impressed then with the force that the Grange was exerting towards farm unity. The Grange fully understood that American agriculture needed to be unified and that it needed the assistance of governmental agencies in meeting farm problems. It contributed much towards a change in the American attitude of mind which made possible a partnership between the farmer and his government.

Only recently has such a partnership become possible for agriculture. It has long existed for business and commerce, but there was great reluctance to extend the benefit of partnership with the government to the farmer. I recall that only a few years ago while I was still at home on the farm, the legislative branches of the government opposed all efforts to put effective governmental agencies at the farmer's disposal. The campaigns for the McNary-Haugen Bill and later, the Grange Export Debenture Bill, were examples of that. We encountered the resistance of a disinterested general public, an unwilling Congress, and a hostile President, supported and encouraged by influential lawyers and economists. It was only after a hard fight that American thought and American government accepted the idea that government should unite with farmers to alleviate farm distress.

It is with satisfaction that we can view the changes that have taken place within the few intervening years. Now agriculture can meet its problems aided by a favorable Congress and a sympathetic President. American thought is with us. Able economists and lawyers are working for us. We are rapidly building up precedents for government partnership with the farmer that cannot long be ignored.

The drought of 1930 which started in Arkansas and spread eastward affords an example of the progress we have made in this direction. It was then decided that extending aid to drought victims was not the business of the Government, but the business of private charitable agencies which were wholly inadequate to cope with so large a problem. That was only four years ago. But four years sufficed to change our point of view emphatically. Now we do regard the drought as a government responsibility. Farmers are **cooperating** with government agencies. Helping agriculture when it is faced by acute drought problems is not regarded as a function of charity. We have come to realize that the nation is dependent upon the farming area afflicted by drought for a large share of its food, and business is dependent upon that area for a large portion of its customers. National welfare is at stake, and that is the business of the government.

It is about a year and a half ago that the farmers formed a partnership with the government to bring about an adjustment of farm production. The instrument of partnership was the Agricultural Adjustment Act, into which, let us note, were written provisions that protected the farmer, the consumer and business. A year and a half is not a long time. But now we can cast up accounts and show very definite advances that have been made under that partnership. I do not mean to say that we have solved all farm problems. But I do say irrefutable evidence shows that under this partnership farm burdens have been lightened.

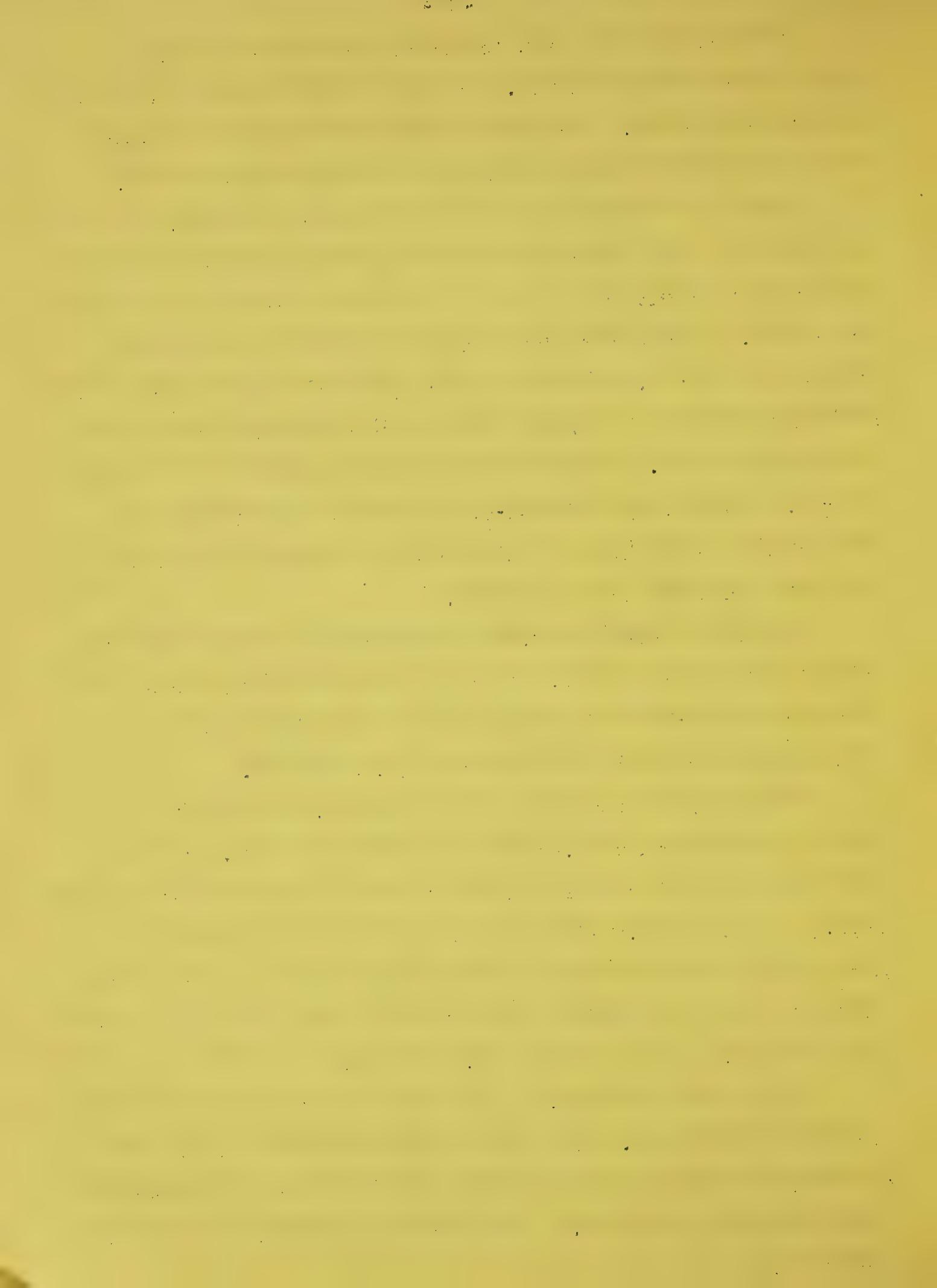
Within the year and a half, farming has been materially helped in facing two very serious situations. It faced the worst surplus situation, and history's worst drought. Adjustment to each was made easier because agriculture had government agencies through which it could function unitedly.

Among the achievements that have been made under the program, one of the most important is the linking of three million farmers into an adjustment unit which makes it possible for each one of these farmers to take part in national crop control. These farmers signed contracts to adjust their acreages. Somewhat less directly, adjustment is being applied to many other farms through marketing agreements and licenses. The nation's six million farms are being tied closely together. Self government is becoming possible for the farming industry. Several farm organizations and cooperative associations have been building up farm unity, and the Agricultural Adjustment Administration has carried that work a long step forward.

We have established mechanisms for adjusting the acreage in production to the demand for farm products. We have the means of shifting from a crop of which we have too much to a crop of which we do not have enough. We have had experience in adjusting production both ways, up and down.

When the adjustment programs were first applied, too many acres were planted to cotton, corn, wheat, tobacco and certain other crops. On the other hand, we had an insufficient number of acres in pasture and soil building crops. We made a shift, taking some of the acreages that ordinarily are planted to the surplus products and getting them into grass and soil building crops. We have a mechanism for shifting from the crops we don't need to crops that we do need. It has been tried out. It works.

This is how it worked out. We cut down acreage in surplus production by about 36 million acres. The reduction included around 15 million acres of cotton; 7-1/2 million acres of wheat; a half million acres of tobacco; and about 13 million acres of corn. Huge surpluses had accumulated in all these commodities.

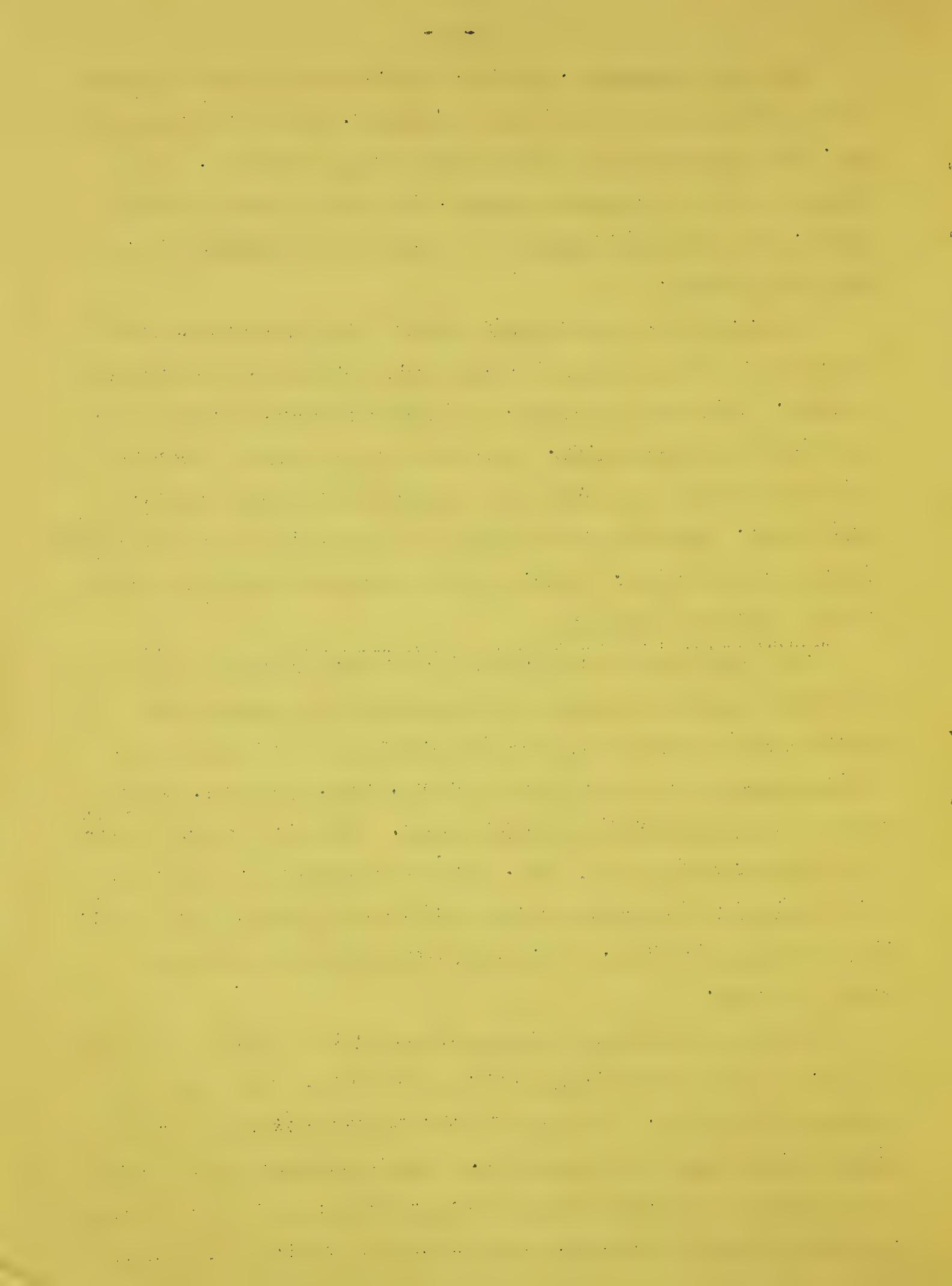


With these adjustments, agriculture was better able to meet the drought than it would have been had there been no programs. There is no shortage of food. Some concern has been expressed over our supply of wheat. But our carryover is at least 125 million bushels, which gives us about our normal reserve. The most serious problem of the drought is the reduction in food supply for livestock.

The shift made on the 36 million adjusted acres has helped us to meet that problem. Of that acreage 15 million acres were taken out of production of cotton. You cannot feed cotton. But under the programs cotton was replaced with feed and food crops. These acres now are yielding a crop that we need and they are in a section of the country that has enough moisture to assure a crop. Similarly the land taken out of production of wheat was replaced with such crops as forage. Cotton and wheat reductions curtailed only crops in which there are no shortages.

Not a single acre was kept out of the production of feed this year by agricultural adjustment programs. The flexibility of the programs made possible a shift of forage crops when it became apparent that there would be a serious shortage of hay and small feed grains, which, by the way, are not included in any agricultural adjustment program. There is a shortage of corn in the drought-stricken areas. But, it must be remembered that much of the acreage taken out of production of corn would not have produced a crop even if corn had been planted on it. We replaced corn that would not yield with forage that would.

The program reduced hog marketings by six million in 1933, and 15 million in 1934. We have about 20 million fewer hogs to feed now when drought has curtailed feed supplies. It would have taken the normal yield of over 16 million acres of corn to feed these hogs. Even if something over 13 million acres of corn had not been taken out of corn production; and if there had been no drought to reduce their yield, they would not have sufficed to feed these



hogs. Under the drought livestock purchase program the demands on feed are being lessened by the fact that about six or seven million head of cattle and possibly five million head of sheep will be purchased. Our best information indicates that with the increase in forage pasture and meadows and the decrease in livestock numbers we now have for each animal unit six per cent more feed and 17 per cent more forage pasture and hay than we would have had if there had been no adjustment programs.

The programs, even as they were drafted originally, have been flexible enough so they could be applied to the problems of surplus and the problems of drought. We have been able to tie them in with other emergency measures that were demanded by the drought. Working through government agencies, agriculture now is conserving feed supplies, keeping foundation herds alive and maintaining adapted seed stocks, so that farmers will be able to carry on after the drought.

Without assistance the drought might have dealt a death blow to farming in a large section of the country. The nation was obligated to help maintain farming in this region. It had an obligation to the consumer as well as to the farmer.

The adjustment programs have contributed towards stability of production in times of surplus and drought. They also contributed towards stability of income during both those periods. Under the Agricultural Adjustment Act, we aim to bring farm prices to a level where farm products have an exchange value equal to that of 1910-1914. Parity would only give the farmers an equitable share of the nation's income. Before the adjustment programs went into effect farm prices were but 50 per cent of parity. Since then, through increased prices and distribution of benefit payments, farm income has been increased so that farmers now have 25 per cent more purchasing power than they did in 1932.

Now I am aware that there is a great deal of talk about the prospect of high prices for food. But a distinction must be made between prices that the farmers receive and prices that the consumers pay. It is the profiteering on

spreads between farm prices and consumer prices that the government is determined to prevent. During the depression the farmer's share of the consumer's dollar was much decreased. Farm prices fell more rapidly than did retail prices for food. The farmer carried the biggest load in the decline of food prices. As prices rise it is only fair that the farmer should receive a larger share so that he can restore his losses. But that does not mean unreasonably high prices for consumers. I believe that the main concern about high food prices comes from the fear of what speculators may do.

Governmental agencies have at their disposal some weapons that can be directed against speculation and profiteering. There may be selfish interests who will seek to manipulate the nation's food supplies with a view to gouging the public. They may be sure that their attempts will arouse public indignation which has at its command a sympathetic government to protect the consumer. Government facilities for publicity are available to point out the speculator and the profiteer and to make profiteering and unreasonable speculation a very unpopular venture if it puts prices of food too high. Those who are willing to arouse public indignation by such practices will very likely be building up public sentiment for even more effective control of speculation and profiteering.

It might be well to remember that the prices farmers actually receive are not yet at a point where a farmer gets an equitable share of the consumer's dollar. We have made progress in that direction but the goal has not been attained. The farmer is obligated to maintain an even flow of food supplies and raw materials for manufacture. But if he maintains an adequate supply he runs the risk of producing a surplus which will depress his prices. Then foreign markets took a considerable share of the nation's farm production, they provided an outlet for production in excess of domestic demand. But that outlet no longer absorbs our surpluses and the farmer is left with the problem of disposing of surpluses when he produces them.

The consumer has an obligation, too. If farmers produce enough to provide the consumer with protection against years of scarcity, the consumer should contribute towards the maintenance of this service. The farmer should not bear the entire risk.

The problems of surplus have not been solved. True, we have cut down accumulated surpluses. But the surplus acres still exist. With higher farm prices there is a strong tendency towards pushing agricultural production onto these surplus acres. If farmers abandon their control of production, that will surely happen. The facts prove conclusively that farmers have gained by adjustment programs in effect during the most trying times that agriculture ever has experienced. Adjustment afforded protection against price-depressing surplus and gave the farmer benefit payments as insurance against crop failure. The whims of weather do not effect all crops alike. The same season may mean scarcity for some crops and surplus of others. A turn of the weather can bring us distressing surpluses of some farm commodities in 1935 and 1936. Weather uncertainty itself is a compelling reason for clinging to adjustment programs so that farm income may be reasonably stabilized in the future.

It has taken time to build up the facilities for adjustment farmers now have. They cannot be replaced in a day. Farmers realize the need for taking the future into account when they make adjustments.

With the assistance of governmental agencies, farmers have a hopeful outlook for adjustment in the future. Adjustment has swung from the extreme of surplus to the extreme of drought, and in each instance farmers were better able to cope with their problems because of governmental assistance.

With a sympathetic public expressing its views through a sympathetic Congress, with a sympathetic President, and with governmental agencies through which agriculture can function, farmers face a brighter future.

